

# **Reduction in Total Ownership Costs**

- **Where Have We Been?**
  - **Established Vanguard To Identify Cost Reduction Initiatives**
  - **Baselined Joint STARS TOC**
- **Where Are We Now?**
  - **Initiated JSAR Program**
  - **Selected as Second Tier Pilot Program**
  - **Joint STARS Sustainment Study(JS<sup>3</sup>)**
- **Where Are We Going?**
  - **Identify and Incorporate cost savings/cost avoidance measures**
  - **Establish Metrics & Monitor R-TOC Initiatives**



# Joint STARS IOC Baseline Costs

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**R & D**  
**4,387.6**  
**5**  
**26.3%**

FOFSD	\$ 637.21	14.52%	(3.81)
Block 10 (Tadil J, IR)	\$ 269.29	06.14%	(1.61)
Block 20 (CRP)	\$ 145.82	03.32%	(0.87)
Block 30 (SATCOM)	\$ 67.92	01.55%	(0.41)
Advanced Development	\$ 866.48	19.75%	(5.19)
Government Test	\$ 474.19	10.81%	(2.84)
Support Systems	\$ 204.80	04.67%	(1.23)
Other Government Costs	\$ 92.55	02.11%	(0.55)
Program Support	\$ 298.62	06.81%	(1.79)
Other Efforts (non SPO)	\$ 111.91	02.55%	(0.67)
Completed Efforts		27.78%	(7.30)

GATM	\$ 69.000	07.96%
E-8C FOTS	\$ 56.838	06.56%
Block 40	\$ 721.898	83.31%
Misc	\$ 18.742	02.16%

FSD Contract	\$928.745	76.20%
E8-B (Navy)	\$ 95.617	07.84%
Desert Storm	\$ 58.816	04.83%
Pave Mover	\$ 77.100	06.33%
Other	\$ 58.587	04.81%

Basic Contract	\$2478.221
ECPs	\$
194.259	
Warranty	\$
13.200	
Over & Aboves	\$
448.963	
GFE Training	\$12.953
67.275E	\$80.102
JTIDSICS	\$163.364
15.967 Ground Sys	\$35.636
Corrections	\$64.700
9.700 Pgm Spt	\$115.636

**Production**  
**n**  
**4,516.27**  
**27.0%**

Air Vehicle (BP10)	\$3713.94	82.23%	(22.24)
Initial Spares (BP16)	\$592.51	13.12%	(03.55)
Modifications (BP11)	\$209.81	04.65%	(01.26)

Fly Away	\$3227.585	86.90%
Other	\$ 475.290	12.80%
Advance Buy		
Debit/Credit	\$11.067	00.30%

Computer Replacement (P1-P6)	\$93.840	44.73%
SATCOM Radios (P1-P13)	\$26.802	12.77%
GATM (P1-P13)	\$71.000	33.84%
Vanguard R&M (P1-P13)	\$18.170	08.66%

Debit	\$807.868
Credit	-\$796.801

**TOC \$16,702.89**

**O & S**  
**7,798.97**  
**46.7%**

Mission Personnel	\$2056.49	26.37%
	(12.31)	
Unit Level Consumption	\$1455.26	18.66%
	(08.71)	
Intermediate Maintenance	\$ 0.0	00.00%
Depot Maintenance	\$ 208.52	02.67%
	(01.25)	

OPS (Air Crew)	\$732.079	35.60%
Maintenance	\$759.739	36.94%
Other	\$564.675	27.46%

Military	\$2030.314
Civilian	\$ 26.179

POL/Energy Consumption	\$ 390.628	26.84%
Consumable Mat/repair Parts	\$ 94.732	06.51%
Depot Level Repairables	\$ 969.896	66.65%

CLS	\$1462.050	98.87%
Eng/Tech Support	\$ 16.665	01.13%
PSE/CSE	\$ 108.699	05.79%
P & P Safety Mods	\$ 149.110	07.95%
Eng Support	\$1493.254	79.57%
Other	\$ 125.642	06.69%

Personnel Support	\$322.847	44.64%
Installation Support	\$400.439	55.36%

**\$ in Millions**  
**% is of next higher tier**  
**( ) is % of TOC**  
**data as of Oct 98**



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Computer Replacement (P1-P13)	\$26.802	12.77%	
	\$71.000	33.84%	
Machine upgrade	\$18.170	08.66%	

**TOC \$16,702.8**

Air Cycle Machine upgrade resulted in \$19.M savings.

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# Affordable Readiness Plans

## ***JSAR***

- Vanguard / JRMET / PWIG
- JIS incentive clauses
- JS3
- Specific Implementations
  - Block 20
  - Air Cycle Machine (\$19M Savings over 20 Yrs)
  - Ring Laser Gyro
  - -7 Engines
  - Digital Autopilot
- Cost as An Independent Variable (CAIV) Linkage through RTIP and JSIE

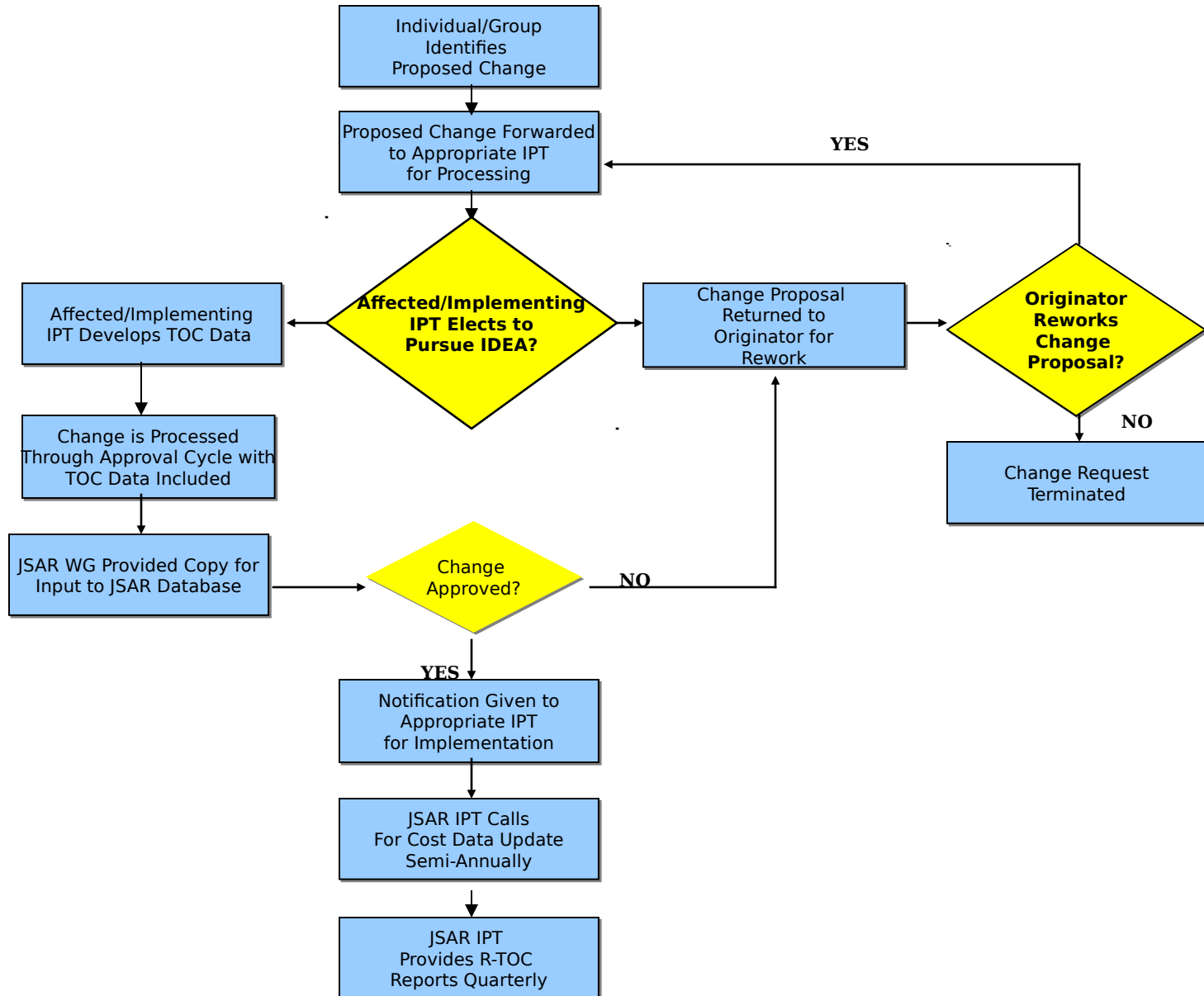
# Affordable Readiness Plans

***JSAR***

- Based Loosely on NAVAIR's Affordable Readiness Initiative
- TOC a Joint STARS Team Responsibility
- Expand Existing Program Processes to Consider Total Ownership Costs
  - Data Used in Decision Making
  - Track as Performance Parameter
- Effective Date: 1 Oct 98



# JSAR Process



# SUMMARY

- Baseline Costs Identified
- JSAR Process in Place
- Collecting TOC for Change Initiatives
- Incorporate JS3 Findings
- Develop Metrics & Goals